

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to purchase approximately 182 acres of real property, including an easement for ingress and egress, in Section 29, Township 26 North, Range 8 East, W.M., King County, Washington, from the Hancock Forest Management Company, for the purpose of protecting the Tolt River drinking water supply transmission pipelines, located across and adjacent to such property, and to execute any necessary documents, accept or deliver any necessary deeds, and take any other action necessary, on behalf of the City.

Summary and background of the Legislation:

This ordinance would authorize the acquisition of 182 acres of timber resource land in the North Fork Tolt River Watershed from the John Hancock Life Insurance Company for \$888,000. The purpose of this acquisition is to prevent logging on the property, which is located in the slope above the Tolt River drinking water supply transmission pipeline. Slope instability has caused displacement of the pipeline in recent years. Preventing future logging on this slope is a relatively low-cost approach to minimizing the risk of slope instability that may threaten the pipeline. The acquisition price was determined by an appraisal conducted in conformance with the Uniform Standards of Professional Appraisal Practice.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:
NF Tolt Hancock Land Acquisition	C1207	North Fork Tolt River Watershed	March 28, 2013	Dec. 31, 2013

Please check any of the following that apply:

☐ This legislation creates, funds, or anticipates a new CIP Project.

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	Existing 2013 Appropriation	New 2013 Appropriation (if any)	2014 Anticipated Appropriation
43000 Water Fund	Seattle Public Utilities	C1207	\$ 1,040,390	N/A	N/A
TOTAL			\$ 1,040,390	N/A	N/A

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

This legislation will not result in any new appropriation. The appropriation for this land acquisition occurred in the budget appropriation ordinance (Ordinance 123363), in the SPU Water Fund 43000, Program #C1207, in the amount of \$1,040,390 in 2013.

Spending Plan and Future Appropriations for Capital Projects:

Spending Plan and Budget	2013	2014	2015	2016	2017	2018	Total
Spending Plan	\$ 888,000						
Current Year Appropriation	\$1,040,390						
Future Appropriations							

Spending Plan and Budget Notes:

This is a single payment for the land purchase occurring in 2013 using existing budget authority. The table above reflects this timing.

Funding Source:

Funding Source (Fund Name and Number, if applicable)	2013	2014	2015	2016	2017	2018	Total
Water Fund, 43000	\$888,000						
TOTAL	\$888,000						

Funding Source Notes:

Bond Financing Required:

Type	Amount	Assumed Interest Rate	Term	Timing	Expected Annual Debt Service/Payment
Fixed Rate	\$ 457,320	3.6%	30	1/2010	\$ 25,178
TOTAL					\$ 25,178

Bond Notes:

No bonds specific to this project will be issued. It would be financed with bonds already issued in January 2010, which are managed at the fund level. Amounts above are illustrative of this project's contribution to debt service. On average, 50 percent of water project costs are financed with debt, and the remainder with cash. The above amount includes 3 percent issuance costs.

Uses and Sources for Operation and Maintenance Costs for the Project:

O&M	2013	2014	2015	2016	2017	2018	Total
Uses							
Start Up							
On-going							
Sources (itemize)							

Operation and Maintenance Notes:

There are no operations and maintenance costs associated with this land acquisition since the land will be managed for conservation. Hancock Forest Management will be responsible for road maintenance.

Do positions sunset in the future?

NA

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Yes, there are potentially long-term implications. The land acquisition authorized by this legislation will enable SPU to prevent future timber harvesting on this property, which will likely reduce the risk of ground movement on the slope and pipeline displacement. SPU is pursuing this land-acquisition to avoid more costly alternatives that involve engineered solutions for either stabilizing or relocating the pipeline, both of which are orders of magnitude more expensive than this land acquisition.

b) What is the financial cost of not implementing the legislation?

The potential cost of not acquiring this land would be an increased probability the pipeline will require more expensive, engineered solutions, including stabilization or relocation. Preliminary estimates range from \$10 million to \$20 million.

The City's financial risk of this acquisition is low because it always has the option of selling the property in the future to recover its costs, most likely at a profit.

c) Does this legislation affect any departments besides the originating department?

No.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

The objective is to slow or stop the slope instability. A complimentary project that SPU is currently pursuing is placement of log jams on the north bank of the North Fork Tolt River directly below the area of pipeline instability. SPU is proceeding with this project in concert with the land acquisition, as both of these solutions are considered low-cost actions relative to the potential slope stabilization benefit. The current projection for this log jam project is \$273,000 and construction is planned for 2014.

Other than these two measures (land acquisition and log jams on the north bank) no additional slope stabilization options are under consideration.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

Yes, this legislation approves acquisition of approximately 182 acres of land on the North Fork Tolt River owned by Hancock Forest Management. See Exhibit A of the Ordinance.

h) Other Issues:

List attachments to the fiscal note below: